MR. CHAIRMAN: Q. No. 103. Shri B. K. Hariprasad. Not present. ... (*Interruptions*).

*103. [*The Questioner (Shri B. K. Hariprasad)* was absent. *Ftr answer vide col... ... infra)*

SHRI V. NARAYANASAMY: Sir, he has not said anything about the MOUs signed by the Andhra Pradesh Government. ... (*Interruptions*)...

AN HON. MEMBER: Sir, it is an important question... (*Interruptions*).

MR. CHAIRMAN: I have passed on to another question. Q. No. 104. ... (*Interruptions*)... Please sit down... (*Interruptions*), ... No, no; I have passed on to another question.

(*Interruptions*)

SHRI V. NARAYANASAMY: Sir, there are 23 MOUs sent by the Andhra Pradesh Government. What are they going to do? .. (*Interrupions*). .. Sir, it is a very serious matter. Twenty three MOUs were signed by the Andhra Pradesh Government on the same date. I do not know what the Minister is going to do about them.

MR. CHAIRMAN: If you want to discuss it in another form, you give a notice for Calling Attenion or whatever it may be. It cannot be discussed in this manner (*Interruptions*)

SHRI DIPANKAR MUKHERJEE: Sir, this side has been totally ignored.

MR. CHAIRMAN: Shri Ramdas Agarwal. Q. No. 104.

India's Economic Policy

104. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a news item published in the Indian Express dated 26th February, 1995 under the caption "economists warn Government against pushing India into global system" criticising every aspect of the country's economic policy;

(b) if so, the details thereof; and

(c) what is the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) and (b) Indian Express published a news item captioned "Economics warn Government against pushing India into global system" on the 26th February, 1995. The news item relates to a statement issued by a group of economists, in which it is claimed that the stabilisation and adjustment programmes have led to a decline in the rate of economic growth associated with an increase in unemployment and worsening of poverty, and continuing inflation. It claims that the improvement in the balance of payments is illusory. It also criticises foreign investment proposals in power, petroleum and telecommunications, the manner of public sectors disinvestment, increases in procurement prices etc.

(c) The Government does not agree with the analysis under by the economists. The assessment of the Government to the performance of the economy is fully documented in the Economic Survey for 1994-95.

श्री रामदास अग्रवाल : सभापति जी, मेरे प्रश्न का उत्तर माननीय मंत्री जी ने दिया। मैं ऐसा समझता था कि चार बड़े राज्यों में जनता ने इनकी जो अर्थ-नीति दोषपूर्ण रही, उसको ठुकरा दिया है। उसके बाद, ठोकर खाने के बाद तो कम से कम ये अपनी नीति में कुछ परिवर्तन करने का सोचेंगे। देश के कुछ प्रबुद्ध इकानामिस्ट्स ने, अर्थशास्त्रियों ने एक वक्तव्य के द्वारा देश में चल रही आर्थिक नीति के संबंध में कुछ संभावनायें और कुछ ऐसी परिस्थितियां जिनका उनको लगता है कि आ सकती है और देश को

उनका सामना करना पड़ सकता है लेकिन माननीय मंत्री जी ने उन प्रबुद्ध अर्थशास्त्रियों की बात को एकदम ठुकरा दिया है। इससे ऐसा लगता है कि उन्होंने अभी तक अपनी दोषपूर्ण नीतियों के बारे में पुनर्विचार करने का विचार नहीं किया है। मेरा साथ ही साथ कहना माननीय मंत्री यह है कि इस देश के अंदर समाजवाद की चर्चा होती थी उस समय कुछ सौ घराने हजारों करोड़ के मालिक बन गए थे लेकिन अब उदार आर्थिक नीति के कारण उन सौ में और उसके बाद और सौ-डेढ़ सौ घराने बड़े-बड़े घराने बनते जा रहे हैं जिससे आम आदमी...

MR. CHAIRMAN: Please sum up your question. Please put your question.

श्री रामदास अग्रवाल : : महोदय, मैं प्रश्न ही पूछ रहा हूं जो उससे संबंधित है क्योंकि बड़े-बड़े घरानों की पूंजी बढ़ रही है, इसमें कोई संदेह नहीं है लेकिन आम आदमी आज भी प्रताड़ित है, महंगाई से पीड़ित है किन्तु हमारी अर्थनीति के दोषपूर्ण प्रभाव के कारण आज हालत यह हो गयी है कि गरीब आदमी प्रताड़ित अनुभव कर रहा है। तो मंत्री महोदय कृपया बतायें कि क्या अर्थशास्त्रियों ने आपको जो सुझाव दिए हैं, उनको आप पूरे का पूरा डिसएग्री करते है या उनमें से जो बातें उन्होंने प्रमुख रूप से कही है, उन पर विचार करने के लिए कोई कोरम बनाने की तैयारी कर रहे हैं ?

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Chairman, Sir, we are a free country and it is only appropriate that when we are dealing with such issues of vital importance to our country as the future direction of our economy, there should be a debate. I, therefore, welcome this wide-ranging debate which takes place in this House as it takes place among the academic communities, business community and the trade unions. But having said that, I say to him, with all respect, that I don't share the perception of these economists. The Economic Survey has rebutted each and every point with regard to the progress that this country has made in the last four years in terms of growth rate, in terms of employment, in terms of improvement in foreign exchange and in terms of movement towards greater self-reliance. I think I have in my Budget speech also accounted all those points. The Government respectfully, I think, considered all the points of views, but the Government is also entitled to its own point of view. I have said categorically that the Government does not share the perceptions of these economists.

MR. CHAIRMAN: Second supplementary. Please be brief.

श्री रामदास अग्रवाल : महोदय, मैं ब्रीफ में ही पूछता हूं, मैं बहुत लम्बा नहीं करता। मंत्री जी ने यह बताया है कि उनकी आर्थिक नीतियों के कारण तरक्की हुई है। मान लिया। तो फिर आंध्र में, कर्नाटक ने, महाराष्ट्र ने, गुजरात ने आपको क्यों ठुकरा दिया ? महोदय सवाल यह खड़ा होता है कि आखिर इस देश की जनता... **(व्यवधान)**

MR. CHAIRMAN: No, no. That question does not arise here. Will you please put a real supplementary?

श्री रामदास अग्रवाल : महोदय, मैं इसलिए पूछना चाहता हूं कि वित्त मंत्री महोदय इस बात पर विचार करें कि कंज्यूमर गुड्स के संबंध में जिस प्रकार से मल्टी नेशनल हमारे देश में घुसते चले आ रहे हैं, हमारी कम्पनीज को खरीदते चले जा रहे हैं, हिन्दुस्तान के अंदर जो पहले बनाते थे, उनको टेक ओवर करते चले जा रहे हैं, तो क्या आप अभी भी मल्टी नेशनल्स के द्वारा कंज्यूमर गुड्स को उत्पादित करके भारत की इंडस्ट्री को नुकसान पहुंचाने वाली नीति को जारी रखने का प्रयत्न कर रहे हैं ?

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, the proof of the pudding is in the eating. All our critics have been saying that this policy will destory India's industry. India's industry is growing today at a rate of... (*Interruptions*)...

MR. CHAIRMAN: Will you please listen to him?

SHRI MANMOHAN SINGH: All segments of India's industry are growing these years. The capital goods sector, about which a great degree of concern was expressed here and outside is grtwing at a rate of nearly 25 per cent. That should be a convincing proof of the fact that this is not a policy to deindustrialise India but to make Indian industries much more dynamic. (*Interruptions*).

SHRI RAMDAS AGARWAL: How will the industries become dynamic when they are not going to exist at all? (*Interruptions*)...

MR. CHAIRMAN: Please allow the Minister to answer ..(*Interruptions*)... Please allow the Minister to answer. (*Interruptions*)...

SHRI RAMDAS AGARWAL: All the consumer goods industries have been purchased by the multinationals.

SHRI MANMOHAN SINGH: Sir, with regard to what the hon. Member has said about Karnataka, if these policies were so bad, why should the Chief Minister of Karnataka, after one month in office, go to Davos to canvass foreign investment? As far as the State of Maharashtra is concerned, I think, they have the remote control. They should look at the statement of Mr. Bal Thackerav given recently.

MR. CHAIRMAN: Mr. Janeshwar Mishra

श्री रामदास अग्रवाल : संपूर्ण उदार नीति... (व्यवधान)

MR. CHAIRMAN: Will you kindly sit down?

श्री जनेश्वर मिश्र : सभापति जी मुझे खुशी है कि वित्त मंत्री जी ने इस बात को स्वीकार किया और पसन्द भी किया कि इतने बड़े मुद्दे पर राष्ट्रीय बहस होनी चाहिए अभी जवाब देते समय कहा । यह मुद्दा सन्देह के घेरे में है । एक तरफ ी बहस चलती है कि राष्ट्र की आर्थिक सम्प्रभुता खतरे में है, नई आर्थिक नीति के चलते और दूसरी तरफ सरकार कहती है कि इससे आर्थिक विकास हो रहा है। वित्त मंत्री जी ने राष्ट्रीय बहस को बढ़ावा देने की बात की है । कभी-कभी राष्ट्रीय बहस बांझपन की शिकार हो जाती है और कोई नतीजा नहीं निकलता । मैं सरकार से जानना चाहूंगा कि क्या इस व्यापक राष्ट्रीय बहस पर क्योंकि आर्थिक सम्प्रभुता का मुद्दा बीच में आ गया है इसलिए सरकार केवल इस सवाल पर आर्थिक नीति के सवाल पर देश में जनमत गणना कराने को तैयार है ?

MR. CHAIRMAN: Inside the House or outside the House? If anything inside, please make a proposal.

SHRI MANMOHAN SINGH: As far as the economic policies of this Government are concerned, they have been extensively debated in both the Houses of Parliament and this House has had more than one opportunity to express its views and they have endorsed the direction of the economic policies that our country has taken. Beyond that, I don't believe there is any other sanction that we need.

श्री जनेश्वर मिश्र : इनसाइडद हाउस अगर सरकार व्हीप जारी न करे इस सवाल पर तो वोटिंग के समय कांशस वोटिंग के लिए मंत्री जी तैयार हैं सरकार तयार है ?

DR. BIPLAB DASGUPTA: Sir, I know that the Minister of Finance is a man of integrity and honesty. I think he will now admit before the House, candidly and with folded hands, that his Economic Policy has failed. If you look at the figures of growth of industry, agriculture, GNP, per capita income, all the figures, the latest figure is the best one, all these are lower than the averages of the 1980s. Can the Minister deny this? Even the figure of growth of industry which you have indicated is lower than the average of the 1980s. Secondly, as far as exports are concerned, we have failed to cover imports. We have failed to repay the debt of 92 million dollars

which is hanging over our heads. Then comes the question of foreign investment. So far as all the foreign investment that has come is concerned, the foreign reserve is 20 million dollars which consists of loans and the hot money and the direct foreign investment is less than one million dollars. Whatever you have accumulated can disappear within a matter of two or three days.

My question is on globalisation. You have gone in for globalisation. Have you seen the studies done by the IMF and the World Bank which definitely indicate that the prices of the primary products would be going down continuously till the first decade of the next century. Now, the World Bank and the IMF want us to specialise in agricultural products, in textiles and in the activities which are discarded by the developed countries. If we get into that trap, we will be committing what is known as the fallacy of composition because they are giving the same advice to all the poor countries of the world, i.e. specialise in food and textile products.

If everybody produces food and textile products then who will buy that? I hope the Finance Minister will not take us into a situation where there is glut in the foreign market and we cannot sell our food and textile products.

MR. CHAIRMAN: Thank you.

DR. BIPLAB DASGUPTA: Sir, I want to mention just one point more. How will there be proper globalisation when America and the developed countries don't believe in globalisation? There cannot be equality between the giant and the dwarf. This statement was made by Gandhiji. There cannot be equality between the two. If you want a level playing field, that is a different question. In this global situation today, countries like India can never get any benefit. I hope the Minister will admit it.

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, I don't know what definition of globalisation my esteemed friend has in mind. But the definition and the ideals that we are pursuing, I think, can be best expressed in terms of what Gandhiji said. We want to build a house which is open on all sides. We want the culture and the new ideas from all over the world to blow in this house. We refuse to be blown off our feet... (*interruptions*)...We have no single model to copy, nor can there be a single model which can affect the complexity and diversity of a country of India's size and India's ambition. We have to evolve indigenous solutions. But we have to take advantage of the forces, when it is suitable for us and we must also guard against certain forces which are, in the present world setup, harmful to us. That is the basic thrust of our policy. Now, the hon. Member said, "Are we moving away from self-reliance?" Now, what is self-reliance? In the Third Five Year Plan, the first chapter of which was written by no less a person than Pandit Jawaharlal Nehru himself, self-reliance was defined as not cutting India off from the rest of the world, but being able to finance all our imports through our exports. Sir, until 1990, roughly, 60 to 65 per cent of India's imports were being financed by exports. Because of what this Government has done to strengthen the current account of the balance of payment, today, 90 per cent of India's imports are being financed by our own exports. In the mid eighties, India's external debt was growing at the rate of about six billion dollars per annum. In the year 1991, just one year before our Government came into office, the debt grew by nine billion dollars. We have greatly reduced that growth. Last year, there was hardly one billion dollar increase in reserves and in the first half of 1994-95, the debt has actually gone down. The debt-GDP ratio, the debt-service ratio, are going down, therefore, that is a convincing proof that this is a party... (*Interruptions*) which believes in self-reliance... (*Interruptions*)... The policy that the right hon. Member is advocating is simply, I think, no answer to the problems faced by this country... (*Interruptions*)..

SHRI SOM PAL: This is not the answer to the question.. *(Interruptions)*...He is wasting the time of the House...*(Interruptions)*.

MR. CHAIRMAN: Question No. 105

Fiscal deficit

*105. DR. NAUNIHAL SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that during 1993-94, the fiscal deficit shot up to 7.3 per cent of GDP against a target of 4.6 per cent; and

(b) if so, what are the cogent reasons therefor and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes Sir. The fiscal deficit in the Revised Estimates for 1993-94 was 7.3 per cent of GDP against the level of 4.6 per cent assumed in BE 1993-94.

(b) The main reasons were higher actual expenditure as compared to BE 1993-94 as well as shortfall in revenue and other non-debt creating capital receipts. Efforts are being made to contain the fiscal deficit through maximising revenues and limiting the expenditure to the budget level.

DR. NAUNIHAL SINGH: Hon. Chairman, Sir, may I ask the hon. Finance Minister if the World Bank has indicated that India's "worsened fiscal performance" could undermine the credibility of the fiscal adjustment programme? If so, please explain the basis for such a concern on the part of the World Bank.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I do not have to quote the World Bank to prove a point. I have been stating time and again that this country cannot simply wend its way into prosperity. We must create an environment in which our debt growth can be moderated. There are only two ways by which this can be done—either by increasing revenue or by moderating the growth of expenditure. That is the direction in which we are moving. As against 7.4 per cent in 1993-94, we brought down the fiscal deficit in the current year to 6.7 per cent and, on some definition, to 6.2 per cent. Next year we will bring it down further to 5.5 per cent. That is the way in which, over a period of time, we can put the fiscal system in a better shape.

DR. NAUNIHAL SINGH: Sir, is it a fact that whatever progress was gained by the Government in improving the fiscal performance has been lost in 1994? If so, what are the reasons for such a setback?

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, I respectfully submit to the hon. Member that what he stated is simply not in consonance with the facts. As I mentioned just now, we have brought the fiscal deficit down from 7.4 per cent to 6.7 per cent and, on a more meaningful definition, to 6.2 per cent. So, the situation in 1994-95 has improved. It is my expectation that the situation will further improve in the year 1995-96.

Repayment of external debt

*106. SHRI MOHAMMED AFZAL *alias* MEEM AFZAL: Will the Minister of FINANCE be pleased to state:

(a) what was the amount of external debt aginst the country as on 31st March, 1994 which is to be repaid alongwith interest and from which countries it was obtained; and

(b) what is the amount of external financial assistance received by the country during the said period which will not be repaid and from which countries it was obtained?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The total amount of external debt outstanding against the country as on 31st March, 1994 was US $-90.723 billion. The details of the countries from which it was obtained is given in the Brochure on External Assistance 1993-94 and the